



June 25, 2020

Honorable Erica Barker
Secretary
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268-0001

Dear Ms. Barker:

Pursuant to 39 U.S.C. § 407(d)(2), the United States Postal Service (Postal Service) files as Enclosure 1 to this letter a redacted copy of a bilateral agreement entered into between the Postal Service and a foreign postal operator (Agreement). The Postal Service has marked the nonpublic, unredacted version of this Agreement as "Confidential" and "Non-Public" and has filed it under seal because it contains information considered confidential and commercially sensitive by the affected postal operator and the Postal Service.

The Postal Service considers certain portions of the Agreement filed in this matter to be protected by 39 U.S.C. § 410(c)(2) and thereby not subject to mandatory disclosure under the Freedom of Information Act (FOIA). Further, the Agreement contains the commercial information of the Postal Service and the affected postal operator, and, as such, certain portions of the Agreement are subject to protection under Exemptions 3 and 4 of FOIA. Consequently, the Postal Service requests that the redacted portions of the Agreement remain confidential and files as Enclosure 2 to this letter the Application of the United States Postal Service for Non-Public Treatment of Materials. In addition, the Postal Service respectfully requests that the Commission coordinate with the Postal Service in the event that this Agreement becomes the subject of a FOIA request, so that we can engage in appropriate consultations with the affected postal operator.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/

Mikhail Raykher
Attorney
Global Business & Service Development

Enclosures

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[REDACTED]

This Agreement ("Agreement") is between the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the Government of the United States with offices at 475 L'Enfant Plaza SW, Washington, DC 20260, and [REDACTED]

[REDACTED]

INTRODUCTION

WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the Parties will provide each other certain products and/or services pursuant to the terms and conditions contained herein;

WHEREAS, the Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of, and/or non-objection by, various entities with oversight responsibilities, which may include, but not be limited to, the USPS senior management, the USPS Governors, the USPS Board of Governors, and/or the U.S. Postal Regulatory Commission. Accordingly, [REDACTED] and understands that the ability of the USPS to perform under this Agreement may not occur, and in this respect the provisions of Articles 3 and 4 shall apply;

[REDACTED];

[REDACTED];

WHEREAS, in light of the aforementioned acknowledgements, the Parties desire to be bound by the terms of this Agreement, including the terms of Article 4 of this Agreement entitled "Conditions Precedent,"

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

Article 1: Purpose of the Agreement

The purposes of this Agreement are the following:

1. to foster the maintenance and further development of a mutually beneficial relationship on behalf of the Parties' respective customers;
2. to set out the principles and general terms and conditions that shall apply to the exchange of certain international products and services between the Parties; and
3. [REDACTED]

Article 2: Guiding Principles of the Agreement

1. The Parties agree to work together to improve the quality of postal delivery and other services between [REDACTED] in order to better serve the market.

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Article 3: Oversight and Effective Date

This Agreement shall come into effect on the "Effective Date," which date shall be the later of (a) 01 July 2020, or (b) the first date on which all Conditions Precedent under Article 4 are fulfilled.

Article 4: Conditions Precedent

The Parties acknowledge and understand that all obligations of the USPS under this Agreement shall be contingent on the USPS receiving favorable reviews or approvals of [REDACTED] or, if applicable, non-objection by, one or more internal and external bodies that have oversight responsibilities (hereinafter "Conditions Precedent"), and such approvals may apply to certain mail flows after the Effective Date of this Agreement set forth in Article 23. Conditions Precedent may include, but are not limited to: favorable reviews or approvals of [REDACTED] or, if applicable, non-objection, from USPS senior management, the Governors of the USPS, the Board of Governors of the USPS, and the U.S. Postal Regulatory Commission ("PRC" or "the Commission").

The Parties acknowledge that [REDACTED], or certain portions thereof, might not be approved by the PRC. Until such time as the Conditions Precedent are fulfilled that are necessary to provide the products or services contemplated under [REDACTED], no obligation shall exist for [REDACTED] and no benefit or rights granted through this Agreement or portion thereof, as appropriate, shall inure to either Party unless and until the Conditions Precedent shall have been fulfilled.

Article 5: Limitation on Liability and Costs

[REDACTED]

Article 6: Price Changes; No Effect on Service Terms

For any service for which specific terms and conditions are set forth in the Annexes (1-6) to this Agreement, any subsequent adjustments to the rates for that service shall be subject to the terms and conditions set forth in the Annexes of this Agreement or [REDACTED].

Article 7: Monetary Transactions

1. [REDACTED]
2. [REDACTED]

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Article 8: Customs Inspection

[REDACTED]

Article 9: Termination

1. Either Party may terminate this Agreement without cause upon 90 days' advance written notice to be served on the other Party, with such termination effective as of the end of the calendar month in which the 90-day notice period expires. The right to terminate the Agreement immediately upon written notice for good cause remains unaffected. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]

Article 10: Dispute Resolution and Governing Law

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
 - (i). [REDACTED]

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(ii).

Article 11: Postal Security

Article 12: Liability

1.

2.

(i).

(ii).

(iii).

3.

Article 13: Language

The official version of this Agreement, including all supporting documentation and correspondence, shall be in English. The English language shall be the controlling language for the purpose of interpreting this Agreement, and all correspondence between the Parties pertaining to this Agreement shall be in the English language. In the event of inconsistency between any terms of this Agreement, including its supporting documentation and correspondence, and any translation into another language, the English language meaning shall control.

Article 14: Confidentiality Requirements and Regulatory Notice

1. The Parties will treat as confidential and not disclose to third parties, absent express written consent by the other party or as otherwise required by law or necessary for governmental oversight purposes, any information related to this Agreement that is treated as non-public information by the U.S. Postal Regulatory Commission ("Commission"), including, but not limited to, rate information.

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2. [REDACTED] that, under U.S. law, the USPS is required to file all commercial agreements signed with an agency of a foreign government, including this Agreement, with the Commission. [REDACTED] the USPS to determine the scope of information that must be made publicly available under the Commission's rules. [REDACTED] understands that any unredacted portion of this Agreement or supporting documentation may be posted on the Commission's public website, prc.gov. In addition, the USPS may be required to file information in connection with this Agreement (including revenue, cost, or volume data) in other Commission dockets, including the Commission docket number for the Annual Compliance Report ("ACR") for the USPS fiscal year(s) in which the Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR202#, in which ACR202# signifies the USPS fiscal year to which the ACR pertains.

Under U.S. law (Title 39, Code of Federal Regulations, Part 3007), whenever the USPS files information non-publicly, the USPS is required to notify any organization that may have an interest in the nonpublic information that it is filing such information with the Commission, together with an application for the Commission to treat the information as non-public material. As required by its regulations, the USPS will identify itself as the Commission's point of contact in the event that additional notices need to be sent concerning this filing. This is done to [REDACTED] confidentiality. USPS will [REDACTED] of any such notices it receives.

[REDACTED] the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found at Title 39, U.S. Code of Federal Regulations, Part 3011, including Sections 3011.201 and 3011.204. The procedure is also available on the Commission's website at <https://www.prc.gov/sites/default/files/Title39/Introductory%20Statement.pdf>. The Parties understand that the USPS may also be required to provide copies of this Agreement, and information related to this Agreement, to the U.S. Department of State, U.S. Customs and Border Protection, and other U.S. Government entities.

Article 15: Severability

If any of the provisions of this Agreement shall be held void or unenforceable, the other provisions shall survive and remain in full force and effect, subject only to either Party's unilateral right to terminate the Agreement upon 90 days advance written notice.

Article 16: Notices

Except as otherwise specifically mentioned, any notice given or other document to be provided under this Agreement will be in writing and addressed as set out below. Notices may be delivered by email and also by expedited mail.

To the USPS:

Robert Raines
Managing Director
Global Business
475 L'Enfant Plaza SW
Washington, D.C., 20260
USA
robert.h.rainesjr@usps.gov

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Article 17: Force Majeure

[REDACTED]

[REDACTED]

Article 18: Legal Status of this Agreement

This Agreement constitutes a legally binding commercial and operational agreement on the part of each signatory hereto and does not bind the Parties' respective governments. The Parties acknowledge that this Agreement sets out the terms and conditions of a negotiated contractual arrangement between the Parties and is not an agreement entered into under, or subject to, international law. This Agreement does not involve the creation of a subsidiary, branch, or stable arrangement of any Party or a joint venture company or partnership funded in any ratio by the Parties. The Parties do not intend that any agency, partnership, or employer-employee relationship be created between any of them by this Agreement. Through this Agreement, the Parties do not create or designate any third-party beneficiaries.

Article 19: Amendment

Unless otherwise specified in this Agreement, this Agreement may be amended or extended only by mutual written agreement signed by authorized [REDACTED] and the USPS (an "Amendment"). Neither a Party's acquiescence in any performance at variance to this Agreement, nor a Party's failure to exercise any right or enforce any obligation shall be deemed an Amendment to this Agreement. The Amendment may be contingent upon any and all necessary reviews and approvals by USPS senior management, the USPS Governors, the USPS Board of Governors, and/or the U.S. Postal Regulatory Commission. If such approvals are required, the Amendment will not become effective until such time as all necessary approvals are obtained.

Article 20: Assignment

This Agreement may not be assigned, in whole or in part, by any Party without the prior written consent of the other Party.

Article 21: Applicability of Other Laws

1. [REDACTED]

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2. [REDACTED]

3. [REDACTED]

Article 22: Entire Agreement

1. [REDACTED]

2. Except as otherwise provided in this Agreement, this Agreement, including all Annexes to this Agreement, shall constitute the entire agreement between the Parties concerning the bilateral exchange of international mail described herein.

3. Unless otherwise indicated in this Agreement, any prior bilateral agreement, understanding, or representation of any kind between the Parties pertaining to the subject matter of this Agreement and preceding the date of execution of this Agreement shall not be binding upon either Party. [REDACTED] This Agreement does not abrogate any agreements under international law between the Parties' respective governments.

4. [REDACTED]

Article 23: Term

1. Except as otherwise provided in Article 23.2 below, the Parties intend that the effective date of this Agreement, shall be 01 July 2020, but only if all Conditions Precedent in Article 4 are fulfilled.

2. [REDACTED]

Article 24: Intellectual Property, Co-Branding, and Licensing

1. [REDACTED] and agrees that the USPS is the exclusive owner of the trademarks USPS®, United States Postal Service®, and United States Postal Service and Eagle Design®, among other USPS marks (also known as the "USPS Marks"); that [REDACTED] the USPS Marks only with express written permission and under license from the USPS; and that any [REDACTED] USPS Marks shall inure to the benefit of the USPS.

2. USPS acknowledges and agrees [REDACTED]

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3. USPS acknowledges and agrees [REDACTED]

Article 25: Survival

The terms and conditions of other portions of this Agreement that, by their context or nature, are intended to survive after performance hereunder, shall survive the termination or expiration of this Agreement, including, but not necessarily limited to, the provisions of Articles 5, 7, 9, 10, 12, 13, 14, 15, 16, 18, 21, 22, 23, 24, and 25.

Article 26: Additional Warranties

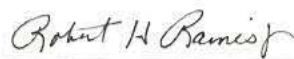
The Parties, through the undersigned, represent and warrant that they have authority to, intend to, and hereby do bind themselves and their respective operating subsidiaries, divisions, and branches to the obligations and commitments set forth in this Agreement.

Article 27: Counterparts

This agreement may be entered into by counterparts, which taken together constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties agree to be bound, as of the latest date of signature, to the terms and conditions of this Agreement.

United States Postal Service



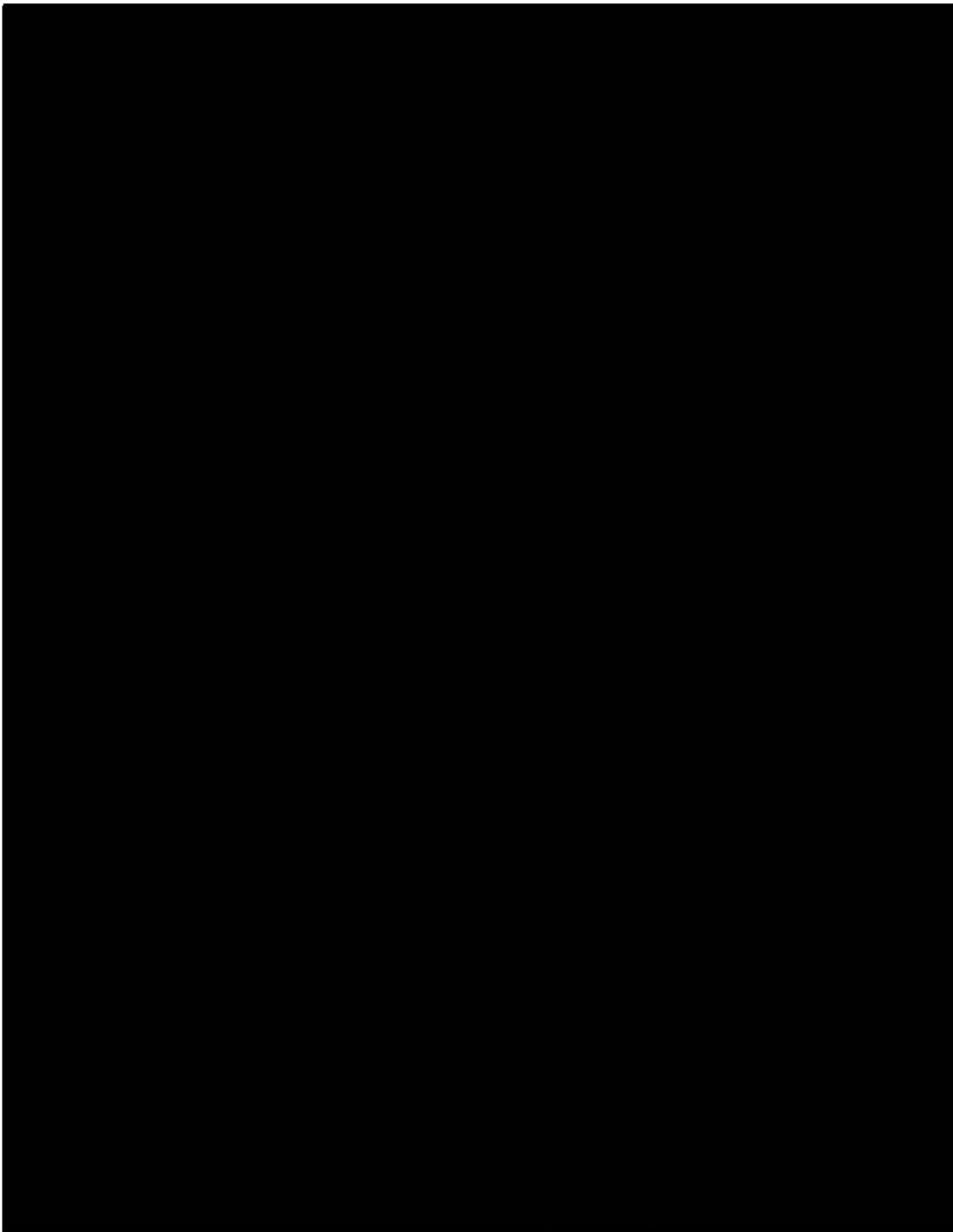
Robert Raines
Managing Director, Global Business

19 June 2020

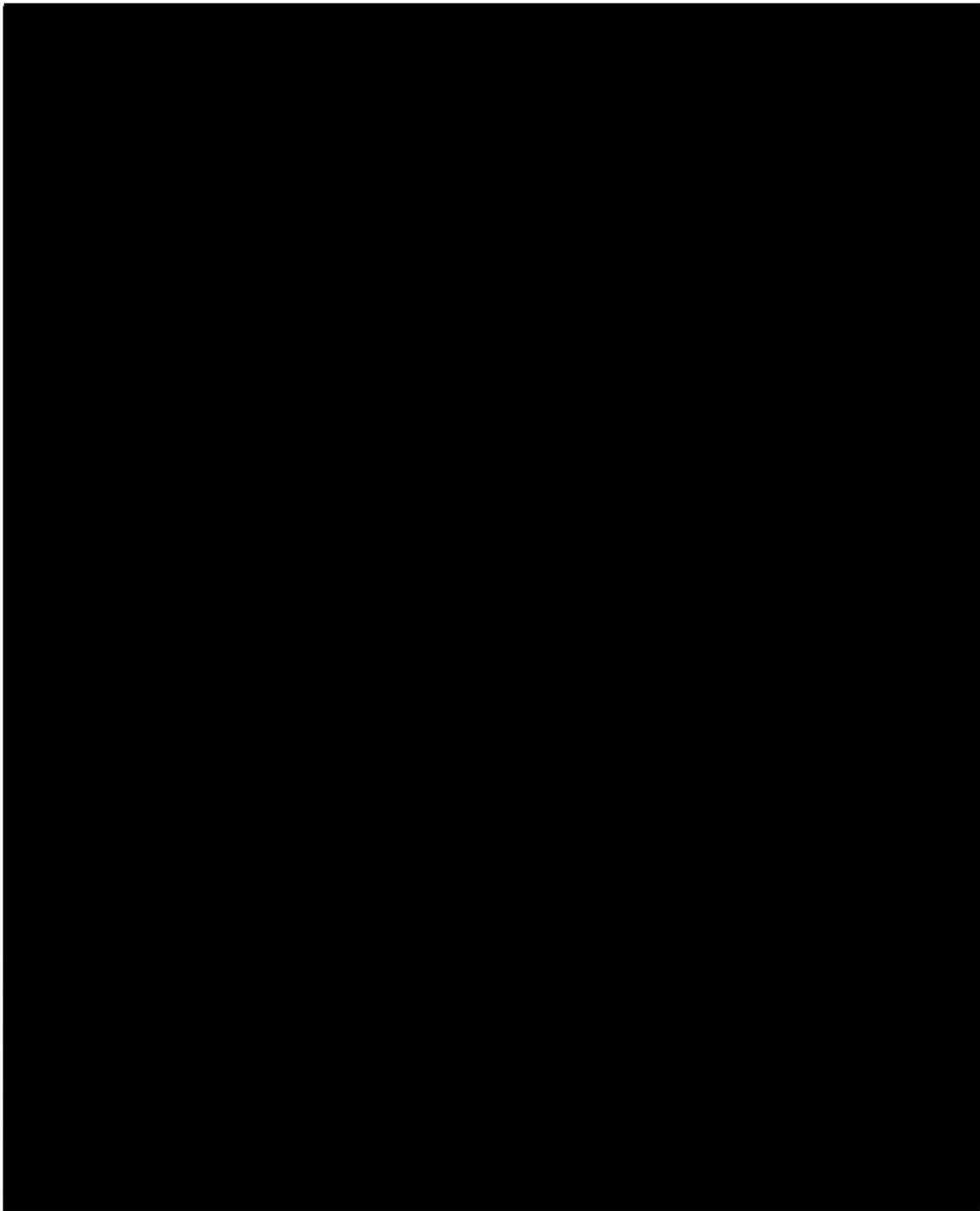
Date

Annex 1

Detailed Sortation and Induction Scheme



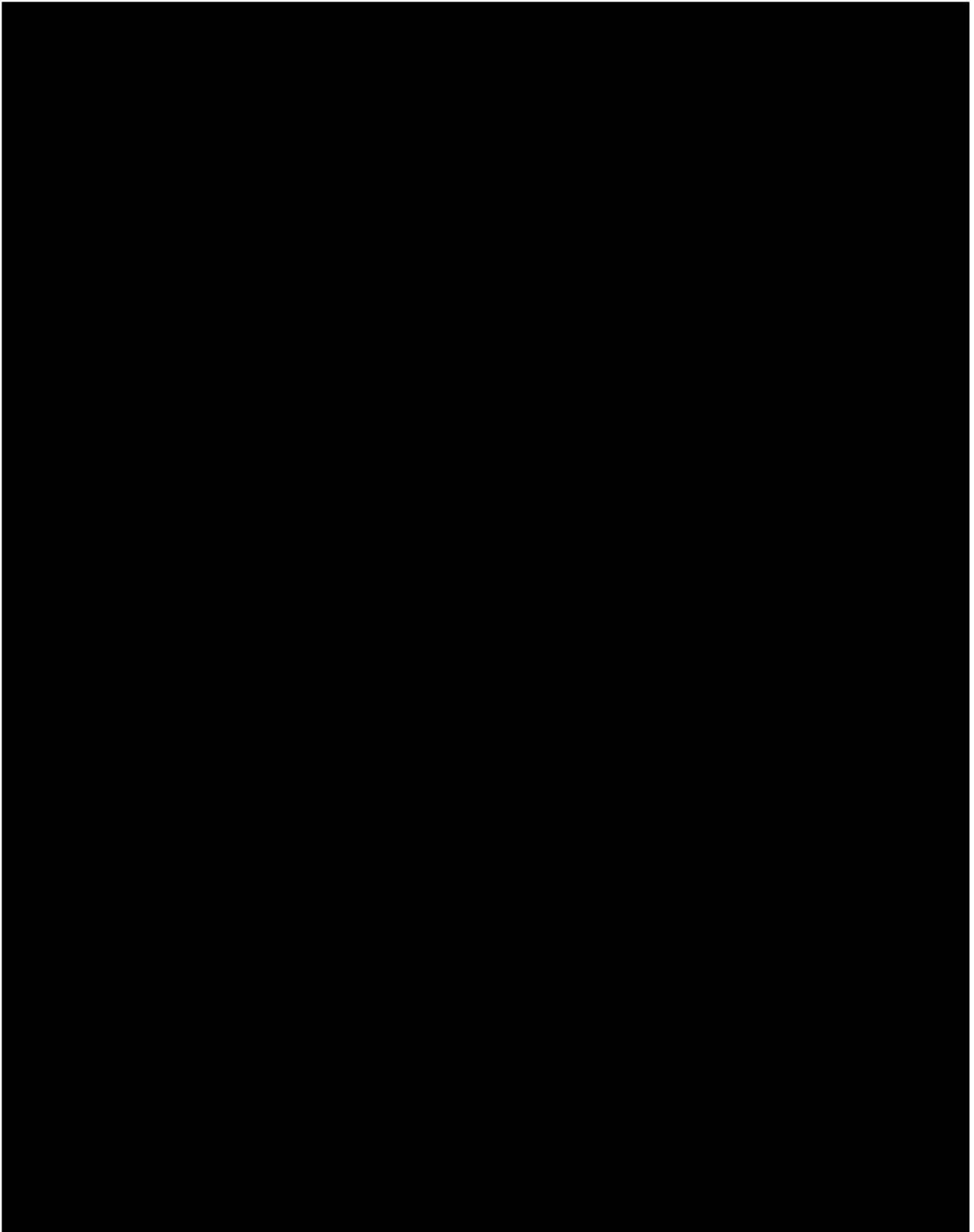
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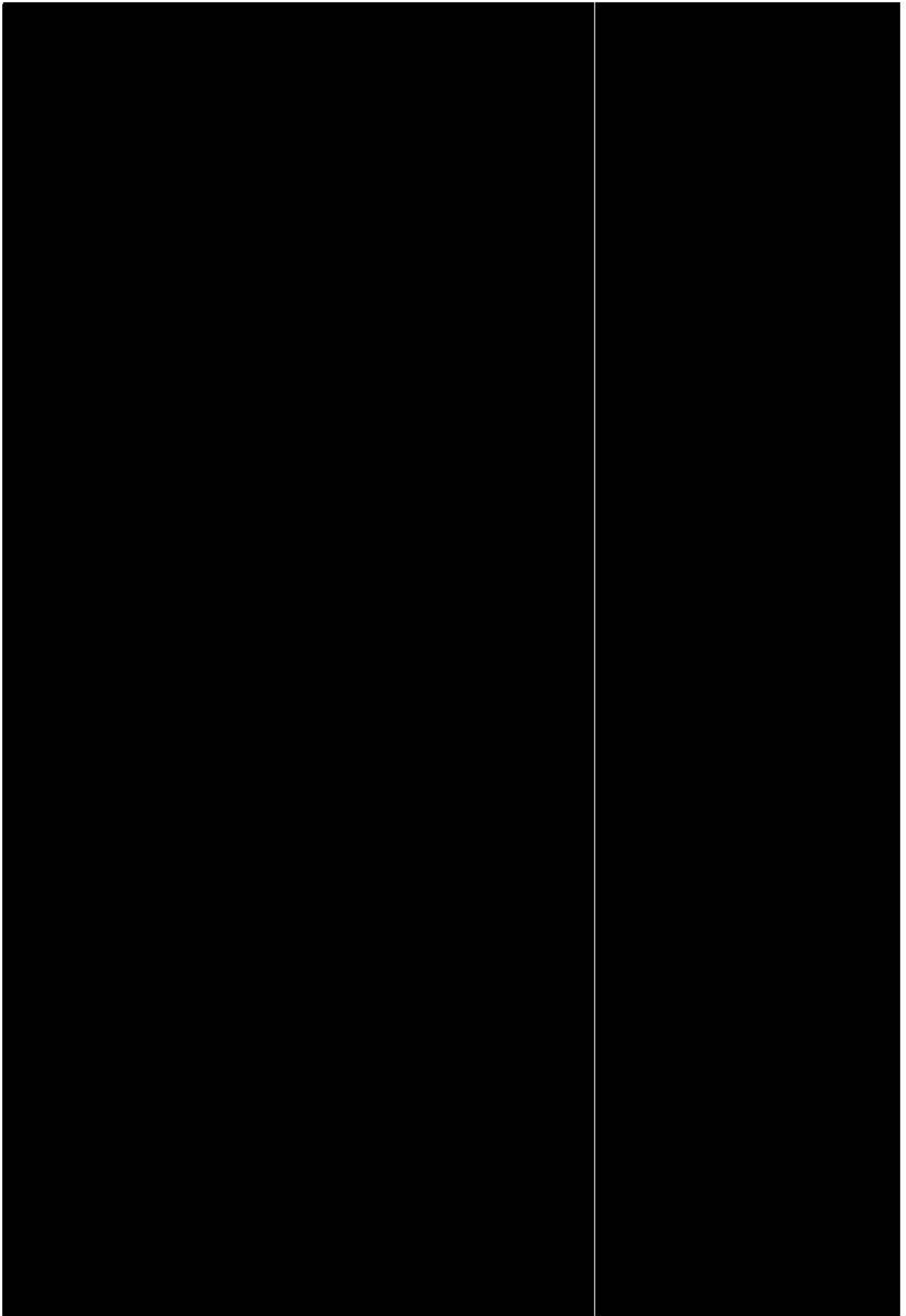


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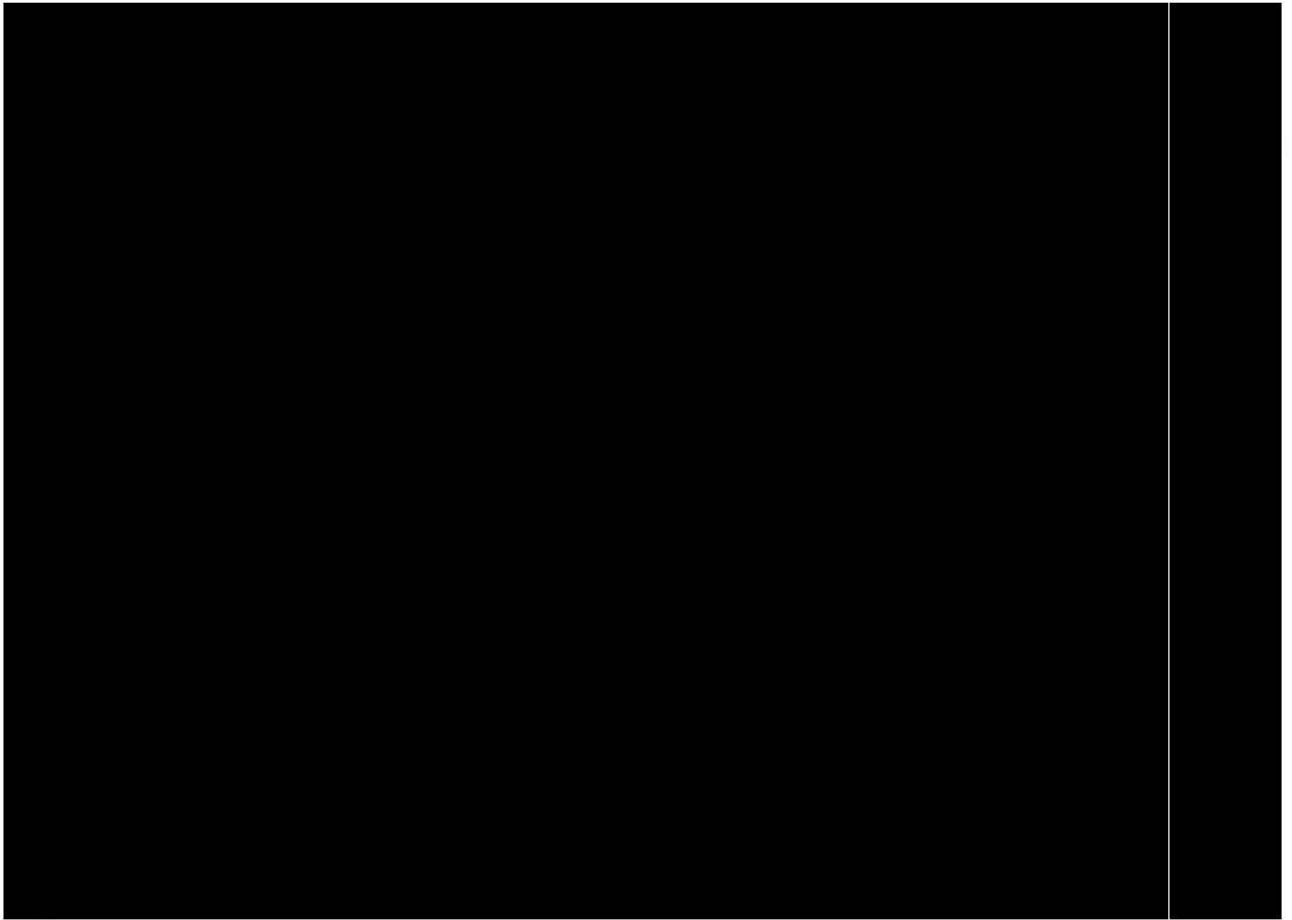
Annex 2

Business Rules for International Mail Settlement





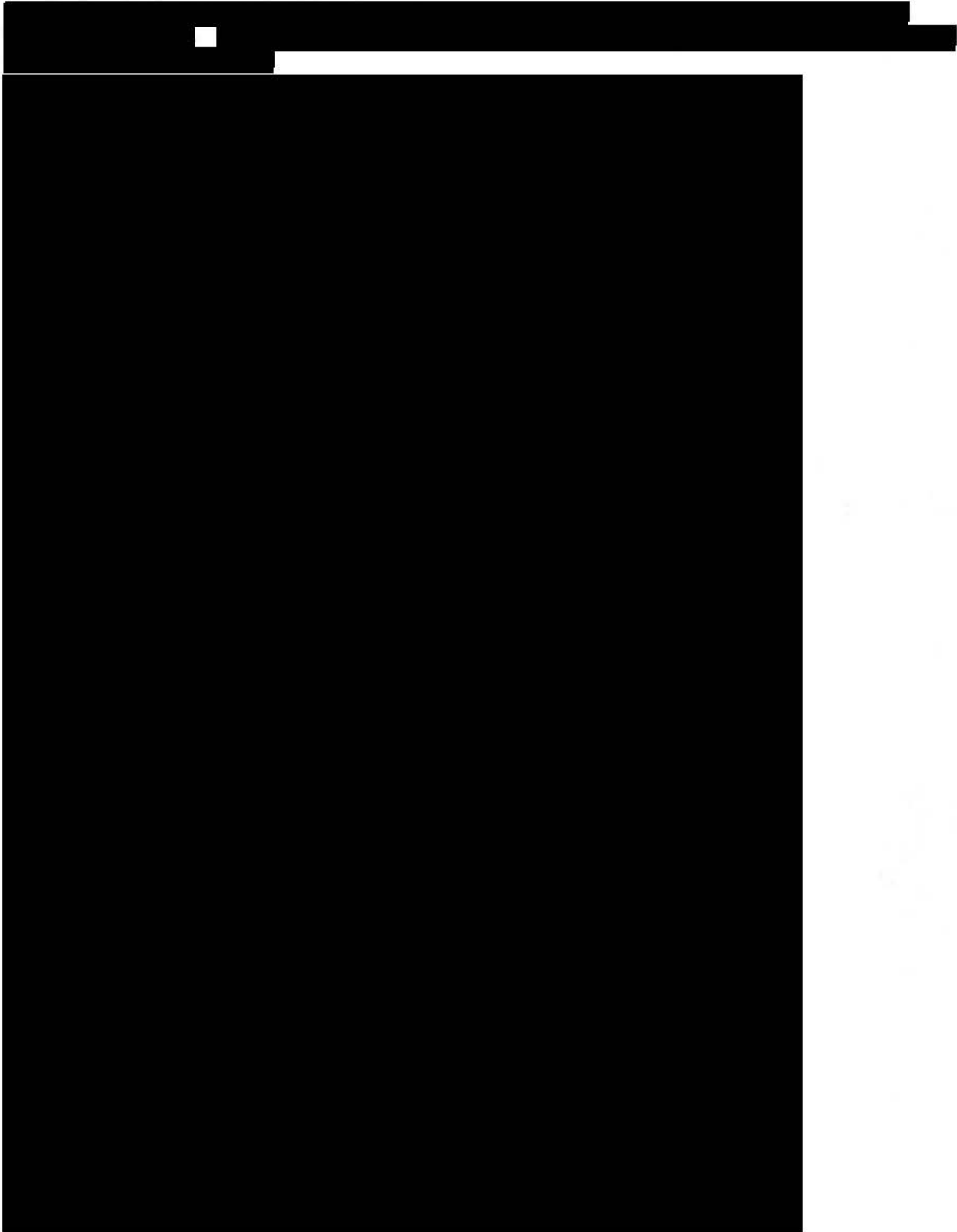
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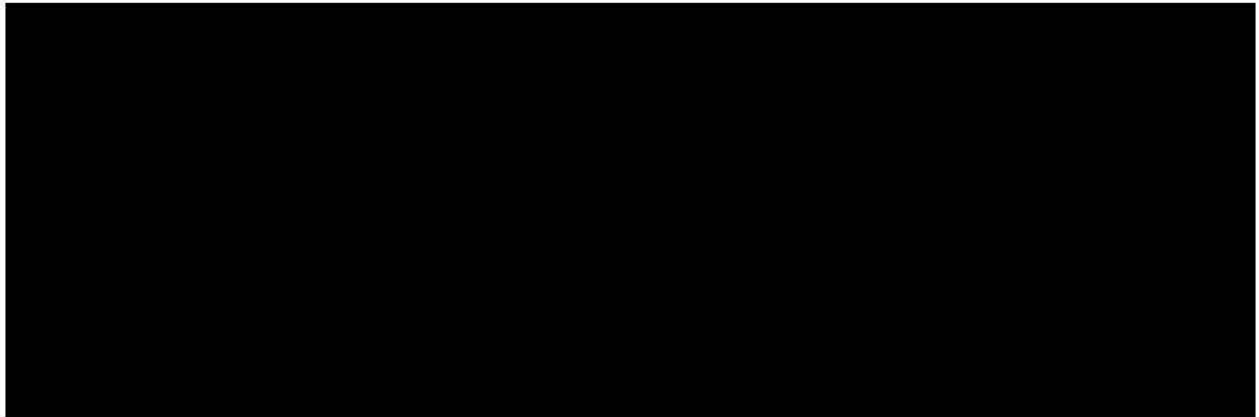
Annex 3

Label Use



Annex 4

Detailed Item Content Restrictions



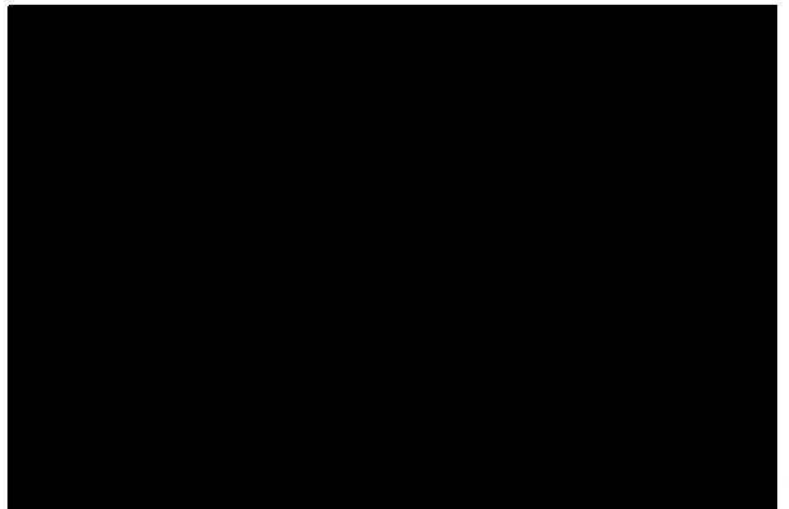
For the USPS

Name: Robert Raines

Title: Managing Director, Global Business

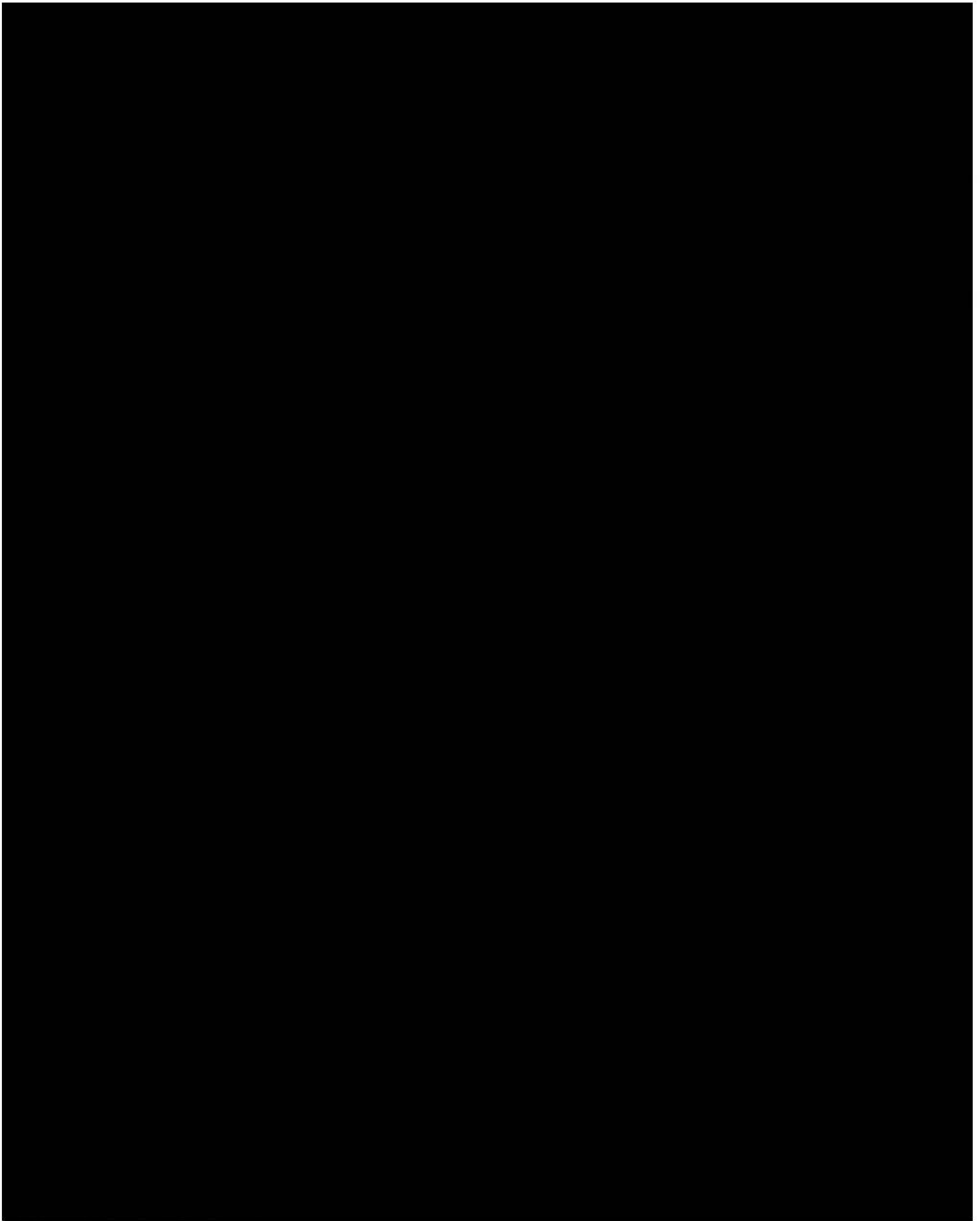
Email: robert.h.rainesjr@usps.gov

Phone: 1-202-268-2978

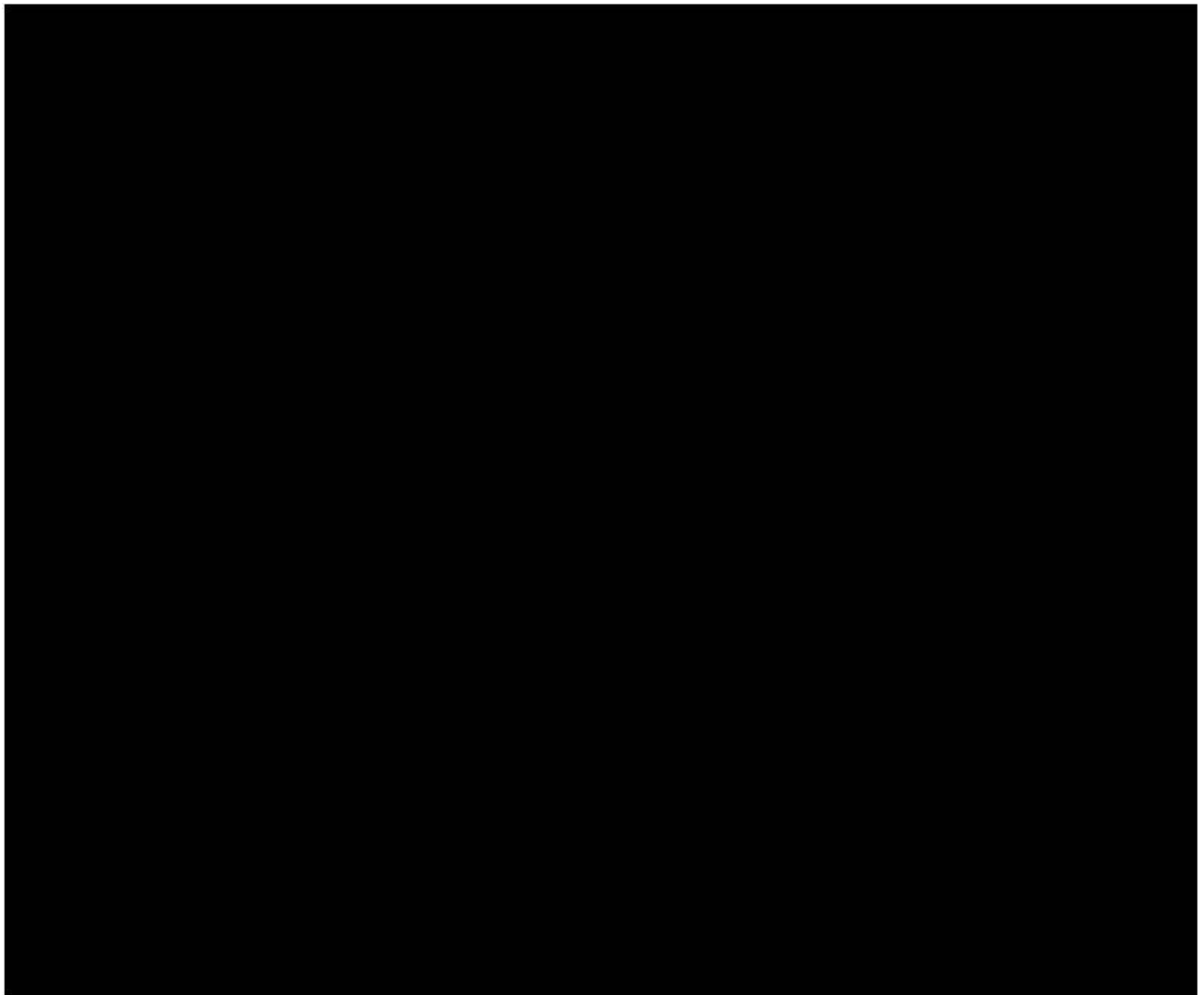


Annex 5

AED Requirements



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Annex 6

Importer of Record Number for Importers to the United States



Enclosure 2

**APPLICATION OF THE UNITED STATES POSTAL SERVICE
FOR NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. Part 3011, the United States Postal Service (Postal Service) hereby applies for non-public treatment of a bilateral agreement between the Postal Service and a Foreign Postal Operator (FPO) (referred to as the “FPO-USPS Agreement”), filed with the Postal Regulatory Commission (Commission). The Postal Service is transmitting the FPO-USPS Agreement to the Commission in accordance with 39 U.S.C. § 407(d). The Postal Service is filing an unredacted copy of the FPO-USPS Agreement under seal, and a redacted copy with its public filing.

The Postal Service hereby furnishes below the justification for this application as required by 39 C.F.R. § 3011.201(b).

(1) The rationale for claiming that the materials are non-public, including the specific statutory provision(s) supporting the claim, and an explanation justifying application of the provision(s) to the materials.

The materials designated as non-public consist of information of a commercial nature, including Postal Service and third party business information that under good business practice would not be disclosed to the public. Based on its longstanding and deep familiarity with the postal and communications businesses and markets generally, and its knowledge of many firms, including competitors, mailers, and suppliers, the Postal Service does not believe that any commercial enterprise would voluntarily publish portions of the materials designated as nonpublic. Rather, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5

U.S.C. § 552(b)(3) and (4).¹ Because the portion of content that the Postal Service is filing non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the non-public materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual.²

The Postal Service has a proprietary interest in the information contained within the non-public materials. The Postal Service believes that the only third party that has a proprietary interest in the materials submitted in this matter is the FPO that is the counterparty to the FPO-USPS Agreement. Since the identity of this affected FPO is commercially sensitive information, the Postal Service proposes that a designated

¹ In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. See 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that “likely commercial injury” should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1 (Mar. 20, 2009), at 11.

² Section 3011.201(b)(2) further states the following:

(i) If the submitter has a proprietary interest in the information contained within the materials, identification of an individual designated by the submitter to accept actual notice of a motion related to the non-public materials or notice of the pendency of a subpoena or order requiring production of the materials.

(ii) If any person other than the submitter has a proprietary interest in the information contained within the materials, identification of each person who is known to have a proprietary interest in the information. If such an identification is sensitive or impracticable, an explanation shall be provided along with the identification of an individual designated by the submitter to provide notice to each affected person.

(iii) If both the submitter and any person other than the submitter have a proprietary interest in the information contained within the non-public materials, identification in accordance with both paragraphs (b)(2)(i) and (ii) of this section shall be provided. The submitter may designate the same individual to fulfill the requirements of paragraphs (b)(2)(i) and (ii) of this section.

Postal Service employee serve as the point of contact for any notices to this FPO. The Postal Service identifies as an appropriate contact person Robert Raines, Managing Director, Global Business. Mr. Raines' phone number is (202) 268-2978, and his email address is robert.h.rainesjr@usps.gov.

The Postal Service also hereby provides notice that, through terms of the agreement, it has already informed the FPO that is the counterparty to the FPO-USPS Agreement, in compliance with 39 C.F.R. § 3011.200(b), of the nature and scope of this filing and its right to address its confidentiality concerns directly with the Commission. Article 14 of the FPO-USPS Agreement provides the FPO with notice of the Postal Service's intent to file this agreement with the Commission and the Postal Service's intent to seek non-public treatment of information related to this agreement that the Postal Service determines may be withheld from public disclosure. This Article provides the FPO with information about how to submit any confidentiality concerns directly to the Commission.

(3) A description of the information contained within the materials claimed to be non-public in a manner that, without revealing the information at issue, would allow the Commission to thoroughly evaluate the basis for the claim that the information contained within the materials are non-public.

Pursuant to 39 U.S.C. § 407(d), the Postal Service is transmitting the FPO-USPS Agreement to the Commission. The redactions to the FPO-USPS Agreement withhold, among other things, business rules for operation and settlement, assignments of liability, customer service, Advance Electronic Data requirements, the specific products that the parties have agreed to make the focus of their collaborative development for their respective markets, and the FPO's identity as well as the information that, due to

its context, would reveal the identity of the FPO. The Postal Service maintains that the redacted portions of the document should remain confidential.

(4) Particular identification of the nature and extent of the harm alleged and the likelihood of each harm alleged to result from disclosure.

If the information the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practice. In this regard, the Postal Service is not aware of any business with which it competes (or in any other commercial enterprise), either within industries engaged in the carriage and delivery of materials and hard copy messages, or those engaged in communications generally, that would disclose publicly information and data of comparable nature and detail.

If the portions of the FPO-USPS Agreement that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Other FPOs could use the information to their advantage in negotiating the terms of their own future agreements with the Postal Service. Competitors could also use the information to assess the offers made by the Postal Service to the FPO that is the counterparty to the FPO-USPS Agreement for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. If the areas in which the FPO that is the counterparty to the FPO-USPS Agreement and the Postal Service intend to collaborate were to be disclosed publicly, its competitors could use this information to preemptively

enter the market in those areas. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

(5) At least one specific hypothetical, illustrative example of each alleged harm.

The following restates the harms discussed above and presents at least one hypothetical situation illustrating the consequences of disclosure.

Harm: Public disclosure of the information redacted from the FPO-USPS Agreement would provide competitors commercial advantages at the Postal Service's expense.

Hypothetical: A competitor is able to review certain clauses and sections in the FPO-USPS Agreement that concern such sensitive commercial information as the business rules for operation and settlement or Advance Electronic Data requirements. The competitor could take this information and use it to differentiate its own product from the Postal Service's product when it sells to potential customers, including FPOs, and could convince those customers that the competitor's product is better.

Harm: Public disclosure of identifying information concerning the counterparty FPO to the FPO-USPS Agreement would give competitors a marketing advantage.

Hypothetical: A competitor is able to identify the counterparty FPO to the FPO-USPS Agreement from information provided on the PRC's website. The competitor uses this information to contact the FPO directly and attempt to negotiate terms that are more favorable than in the FPO-USPS Agreement, and thereby deprive the Postal Service of this business opportunity. Generally, this would undermine the Postal Service's efforts to develop products and maintain its share in key markets.

Harm: Foreign postal operators could use the redacted terms in the FPO-USPS Agreement to undermine the Postal Service's position in future negotiations.

Hypothetical: The redacted terms in the FPO-USPS Agreement are disclosed to the public. Foreign postal operators obtain the information and use it to their advantage in negotiating future bilateral or multilateral agreements with the Postal Service in an effort to negotiate more favorable terms for themselves.

Harm: Foreign postal operators could use the redacted terms in the FPO-USPS Agreement to undermine the counterparty foreign postal operator's position in future negotiations.

Hypothetical: The redacted terms in the FPO-USPS Agreement are disclosed to the public. Foreign postal operators obtain the information and use it to their advantage in negotiating future bilateral or multilateral agreements with the counterparty foreign postal operator in an effort to negotiate more favorable terms for themselves.

(6) The extent of protection from public disclosure deemed to be necessary.

The Postal Service maintains that the portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products (including both private sector integrators and FPOs), as well as their consultants and attorneys. Additionally, the Postal Service believes that FPOs, as well as actual or potential customers of a postal operator for these or similar products should not be provided access to the non-public materials.

(7) The length of time for which non-public treatment is alleged to be necessary with justification thereof.

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3011.401(a). However, because the Postal Service's relationships with customers and FPOs continue well beyond ten years, the

Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3011.401(b-c).

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed in this application, the Postal Service respectfully requests that the Commission grant its application for non-public treatment of the identified materials.